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FISCAL IMPACT STATEMENT

LS 6923

BILL NUMBER: SB 436

NOTE PREPARED: Jan 22, 2005

BILL AMENDED:

SUBJECT: Group Health Insurance for Retirees.

FIRST AUTHOR: Sen. Mrvan

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: Local

Summary of Legislation: This bill requires local unit public employers that provide group health insurance for active public safety employees to also provide group health insurance to: (1) public safety employees who retired or became disabled after March 1, 1985, and before April 1, 1985; and (2) surviving spouses and dependents of public safety employees who died after March 1, 1985, and before April 1, 1985, while in active service or after retirement.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: This bill requires a local unit public employer who provides group health insurance to its active public safety employees must also provide group health insurance to its public safety employees (who retired or began receiving disability benefits during March 1985) or to surviving spouses and dependents of its public safety employees (who died during March 1985). The former employee or spouse would be required to pay an amount equal to the total of the employer's and the employee's premiums for the insurance that is paid by active employees. However, the employer may choose to pay any part of the total premium for employees or spouses that did not involve a line-of-duty death.

The number of local public safety employees statewide who retired, became disabled, or died during March 1985 is not immediately known. The statewide number is probably small, and the aggregate statewide impact

would also likely be small. However, the cost impact would vary by local unit, and the impact on any particular local unit, especially smaller units, could be significant.

Background Information: A local unit public employer may be a city, town, county, township, public library, or school corporation. A public safety employee can include a full-time firefighter, police officer, county police officer, or sheriff.

Although the retired or disabled public safety employee or the spouse and dependents of a deceased public safety employee may be required to pay the entire premium for the health insurance (both employer and employee shares), adverse selection could be a significant factor in the costs faced by the local unit. An individual choosing to participate in the group health insurance program may have health costs higher than the average insured member, which could either impact premiums for local units purchasing group health insurance or could impact the costs faced by local units that self-insure for their employee health benefits.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Cities, towns, counties, townships, or school corporations with public safety employees.

Information Sources:

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